

William Craven
FAS East Precinct Parking 12th Ave Arts ATT 8
August 16, 2012
Version #1

Attachment 8

FAS East Precinct Parking 12th Avenue Arts

After recording return to:

Seattle City Attorney's Office
Attn. Jenifer C. Merkel
600 4th Avenue, 4th floor
P.O. Box 94769
Seattle, WA 98124-4769

Title:	Pledge of Sublease Proceeds
Reference #	N/A
Grantor(s)	Twelfth Avenue Arts Master Tenant LLC
Grantee(s)	The City of Seattle, Washington
Legal description:	[to be inserted]
Tax Parcel ID#:	_____

PLEDGE OF SUBLEASE PROCEEDS

THIS PLEDGE OF SUBLEASE PROCEEDS ("**Pledge**") is made and entered into as of this _____ day of _____, 2012, by and between TWELFTH AVENUE ARTS MASTER TENANT LLC, a Washington limited liability company ("**Pledgor**"), and the CITY OF SEATTLE, a municipal corporation of the State of Washington ("**City**").

RECITALS

A. City is the lessor under that certain Ground Lease Agreement dated _____, 2012 (the "**Ground Lease**"), between the City and Capitol Hill Development Association, a Washington nonprofit corporation ("**CHDA**") as lessee, concerning the premises legally described on the attached Exhibit A ("**Premises**").

B. Pursuant to that certain Ground Sublease dated _____, 2012 (the "**Ground Sublease**"), CHDA subleased the Premises to Twelfth Avenue Arts Association, a Washington nonprofit corporation ("**QALICB**").

C. QALICB entered into a Master Lease with Pledgor dated _____, 2012, wherein QALICB leased the Premises and other property to Pledgor ("**Lease**").

D. Pledgor and City entered into a Sublease dated _____, 2012, wherein Pledgor subleased the Premises to City, as subtenant.

AGREEMENT

NOW, THEREFORE, for good and in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Pledge and Assignment. Pledgor absolutely and unconditionally assigns and pledges to the City all of Pledgor's right, title and interest in and to all rents now or hereafter owing under the Sublease (the "**Rents**"). This grant is made to secure the payment and performance of the Secured Obligations, as defined in Section 2 below. This assignment is, and is intended to be, an unconditional, absolute and present assignment from Pledgor to the City of all of Pledgor's right, title and interest in and to the Rents and not an assignment in the nature of a pledge of the Rents or the mere grant of a security interest therein. So long as no Event of Default shall exist under Section 19.1(a) of the Ground Lease, however, Pledgor shall have a license (which license shall terminate automatically and without notice upon the occurrence of such an Event of Default) to collect, but not prior to accrual, all Rents.

2. Secured Obligations. As used in this Pledge, the term "**Secured Obligations**" means CHDA's obligation to pay rent under the Ground Lease, and any renewal, extension or modification thereof, and full payment and performance of all obligations of the Pledgor to City, now existing or hereafter incurred, whether direct or indirect, arising from this Pledge.

3. Remedies. Following an Event of Default under Section 19.1(a) of the Ground Lease, Pledgor shall, at the direction of City, pay all rents collected under the Sublease directly to City immediately upon collection. Pledgor agrees to pay on demand all expenses reasonably incurred by City in obtaining performance of the Secured Obligations, including without limitation, all attorney's fees and costs due hereunder, all of which sums shall be secured hereby. Without limiting the generality of the foregoing, at the City's direction following such an Event of Default, Pledgor will enter into a deposit account control agreement, reasonably acceptable to Pledgor, in favor of the City with a bank specified by the City, and will cause all rent collected under the Sublease to be deposited into the deposit account described in such deposit account control agreement immediately upon collection in lieu of direct payment to the City of rents collected under the Sublease.

4. Cumulative Rights and Remedies. Each and every right, remedy, and power granted to City hereunder shall be cumulative and in addition to any other right, remedy, or power now or hereafter existing in equity, at law, by virtue of statute, or otherwise, and all of the foregoing may be exercised by City from time to time, concurrently, consecutively, independently, or simultaneously, and as often and in such order as Grantee may deem expedient.

5. Termination of Agreement. Upon payment and performance in full of all Secured Obligations, this Pledge shall terminate.

6. Unconditional Obligations. The obligations of Pledgor under this Pledge shall be absolute and unconditional, and shall remain in full force and effect without regard to any exercise or non-exercise of any right, remedy, or privilege under or in respect of this Pledge, or the granting of any postponements or extensions for time of payment or other indulgences to Pledgor, or any other person.

7. Successors, Assignments.

(a) This Pledge shall inure to the benefit of the heirs, legal representations, successors and assigns of City, and shall be binding upon the heirs, executors, administrators, legal representatives, successors in interest and assigns of Pledgor.

(b) City shall not assign its rights hereunder without the prior written consent of Pledgor, such consent not to be unreasonably withheld, conditioned or delayed.

(c) Pledgor represents and warrants that it has not made any prior assignment of or granted any security interest in the rents pledged hereunder, and agrees not to grant any such assignment or security interest unless such grant by its terms is unconditionally junior and subordinate to the pledge hereunder and the grantee covenants not to take any action to contest or restrict the exercise of the City's rights hereunder.

8. Amendments. Except as otherwise provided herein, no amendment, modification, or termination of any provision of this Security Agreement shall in any event be effective unless the same shall be in writing and signed by Pledgor and City.

9. Severability of Provisions. Any provision of this Pledge that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such

prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

10. Waiver. No terms or rights in this Pledge shall be qualified or supplemented by any course of dealing or course of performance. No waiver or modification by City of any of the terms or conditions hereof shall be effective unless in writing, signed by the City. No waiver or indulgence by City as to any required performance by Pledgor shall constitute a waiver as to any subsequent required performance or other obligation of Pledgor hereunder.

11. Notice. No notice or communication under this Pledge will be effective unless in writing, delivered personally or mailed by registered or certified mail postage prepaid, to the addressee's address below, or to whatever other address the addressee hereafter notifies the sender referring to this paragraph if so notified. Notice is deemed given when personally delivered or, if mailed, three days after mailing.

If to Pledgor: Twelfth Avenue Arts Master Tenant
c/o Capitol Hill Housing
1406 10th Avenue, Suite 101
Seattle, WA 98122
Attention: David Dologite

With a copy to: Kantor Taylor Nelson Evatt & Decina PC
901 Fifth Avenue, Suite 4000
Seattle, WA 98164
Attention: Thomas Nelson

If to City: The City of Seattle
Seattle Municipal Tower
700 5th Avenue, Suite 4350
600 4th Avenue, 4th Floor
P.O. Box 94669
Seattle, WA 98124-4669
Attention: Director, Finance and Administrative Services

With a copy to: Foster Pepper PLLC
1111 Third Avenue
Suite 3400
Seattle, WA 98101
Attention: Jeff Nave

12. Attorneys' Fees. In the event that any dispute arises between the parties hereto relating to the interpretation, enforcement or performance of or under this Pledge, and such matter is referred to an attorney for resolution, the prevailing party shall be entitled to collect from the losing party any attorneys' fees and costs incurred by the prevailing party in connection therewith, together with any court costs and expenses in the event of litigation, through all levels of appeal.

13. Governing Law. This Pledge shall be governed by, and construed in accordance with, the laws of the State of Washington (excluding the laws applicable to conflicts or choice of law).

IN WITNESS WHEREOF, the parties hereto have executed this Pledge as of the day and year first above set forth.

PLEDGOR: TWELFTH AVENUE ARTS MASTER TENANT LLC,
a Washington limited liability company

By: _____
Name: _____
Its: _____

CITY: THE CITY OF SEATTLE,
a municipal corporation of the State of Washington

By: _____
Name: _____
Its: _____

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

On this day personally appeared before me _____, to me known to be the _____ of THE CITY OF SEATTLE, a Washington municipal corporation, the entity that executed the within instrument and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned and on oath stated that he/she was authorized to execute the same.

Dated this ____ day of _____, 2012.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____
My appointment expires _____

[illegible]

On this day personally appeared before me _____, to me known to be the [Manager][Managing Member] of TWELFTH AVENUE ARTS MASTER TENANT LLC, a Washington limited liability company, the entity that executed the within instrument and acknowledged the said instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned and on oath stated that he/she was authorized to execute the same.

Dated this ____ day of _____, 2012.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____
My appointment expires _____

William Craven
FAS East Precinct Parking 12th Ave Arts ATT 8
August 16, 2012
Version #1

Exhibit A

Legal Description